

Message Text

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FM AMCONSUL ST JOHNS

TO SECSTATE WASHDC 1360

INFO AMEMBASSY OTTAWA

AMCONSUL MONTREAL

AMCONSUL QUEBEC

UNCLAS ST JOHNS 090

E.O. 11652 N/A

TAGS ENRG PINT CA

SUBJECT QUEBEC'S TERRITORIAL AMBITIONS

1. STATEMENT BY QUEBEC ENERGY MINISTER JEAN COURNOYER TO ST. JOHN S "DAILY NEWS" (4/21/76) AND LATER TO CBC, THAT PRICE LA BELLE PROVINCE MIGHT SEEK FROM NEWFOUNDLAND FOR ADDITIONAL CHURCHILL FALLS POWER COULD BE CESSION TO QUEBEC OF PORTION OF LABRADOR, HAS BEEN GREETED HERE MORE WITH AMAZEMENT AND AMUSEMENT THAN WITH ANGER. COURNOYER INDICATED THAT QUEBEC WANTS THE RIGHTS TO THE HEADWATERS OF FIVE RIVERS WHICH FLOW FROM LABRADOR THRU QUEBEC TO GULF OF ST LAWRENCE. AREA INVOLVED COMPRISES 7500 SQUARE HILES OF LABRADOR.

2. WITH NEWFOUNDLAND HOUSE OF ASSEMBLY RECESSED, PREMIER AND NUMBER OF OTHER SENIOR PROVINCIAL GOVERNMENT OFFICIALS ARE OUT OF PROVINCE AND UNAVAILABLE FOR COMMENT. THE ACTING PREMIER, FINANCE MINISTER WILLIAM DOODY, IS REASONABLY UNFLAPPABLE AND MADE A CHARACTERISTICALLY LOW-KEY INITIAL STATEMENT. HE SAID THAT "THE FIRST IMPLUSE IS TO

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GO FOR THE JUGULAR AND TELL THEM WHAT WE THINK ON ENERGY."

INSTEAD OF THAT, HOWEVER, "WE'LL PROBABLY WAIT UNTIL THE PREMIER GETS BACK AND DISCUSSES IT WITH MR. BOURASSA."

3. IN SUBSEQUENT STATEMENT, DOODY CALLED QUEBEC MINISTER S COMMENTS "ABSOLUTELY CRAZY...ABSOLUTELY RIDICULOUS". HE SAID THAT JOINT DEVELOPMENT OF THE FIVE RIVERS AT ISSUE HAD BEEN TALKED ABOUT "...BUT THERE'S NEVER BEEN A SUGGESTION WE GIVE A PIECE OF THE PROVINCE TO QUEBEC--CERTAINLY NOT IN ORDER TO PUT US IN A POSITION TO NEGOTIATE THE PRICE OF OUR OWN ENERGY RESOURCES." SUCH AN IDEA, HE INDICATED, WAS "JUST FOOLISH."

4. DOODY'S EARLIER REFERENCE TO QUEBEC'S JUGULAR BECAME MORE CLEAR WHEN HE GAVE A LISTING OF MEASURES THEORETICALLY OPEN TO NEWFOUNDLAND TO PURSUE:

A) LEGISLATING CHURCHILL FALLS POWER BACK TO NEWFOUND-
LAND K I.E., ABROGATING 75-YEAR AGREEMENT WHICH GIVES
HYDRO PLANT'S POWER OUTPUT TO QUEBEC AT APPROX TWO AND ONE-
HALF MILLS PER KWH).

B) PLACING A ROYALTIES SYSTEM AND WATER RIGHTS SYSTEM
ON CHURCHILL POWER THE SAME WAY ALBERTA DID ON ITS OIL AND
GAS RESOURCES.

C) LEVYING HIGH TAXES ON CHURCHILL FALLS' OPERATING
COMPANY, WHICH WOULD HAVE TO BE PICKED UP BY THE PURCHASING
AGENT (HYDRO QUEBEC, PRESUMABLY).

"BUT WE HAVEN'T BEEN USING THESE AS WEAPONS," SAID
MR. DOODY, "SO I DON'T KNOW WHY MR. COURNOYER TOOK OFF ON
THE WARPATH..."

5. COMMENT: NEWFOUNDLAND ENERGY MINISTER JOHN CROSBIE WILL
BE MEETING WITH COURNOYER IN QUEBEC CITY ON APRIL 26 TO
DISCUSS THE ENERGY PROBLEM. PERHAPS QUEBEC S TERRITORIAL
DEMANDS (IF THAT'S WHAT THEY ARE) WILL BE STRAIGHTENED OUT
AT THAT MEETING AND CROSBIE WILL BE ABLE TO FLY BACK TO
ST. JOHN S WITH A PIECE OF PAPER AND PREDICTIONS OF PEACE
IN OUR TIME.

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